

**SENATE FISCAL AGENCY
MEMORANDUM**

DATE: September 18, 2001

TO: Members of the Michigan Senate

FROM: Bill Bowerman, Chief Analyst

RE: Executive Order 2001-3

On August 9, 2001 Governor Engler issued Executive Order 2001-3 which creates the new Department of Information Technology. Article V, Section 2, of the Michigan Constitution authorizes the Governor to make changes in the organization of the executive branch, or in the assignment of functions among its units which the Governor considers necessary for efficient administration. The Legislature has 60 calendar days after the submission to disapprove an executive order. Unless disapproved by both houses within that time period, by a majority vote of members elected and serving, the executive order becomes effective on a date as designated by the Governor. The disapproval time period for the Legislature regarding E.O. 2001-3 expires on October 9, 2001 and the Executive Order becomes effective on October 14, 2001.

Executive Order 2001-3 states that the current functions, duties, and responsibilities assigned to various state departments can be more effectively carried out by the new Department of Information Technology, which will promote a unified approach to information technology management. The director of the new department will hold the title of State Chief Information Officer. The new department is charged with the goal of achieving the use of common technology across the executive branch. Duties include:

- Coordinating a unified executive branch strategic information technology plan.
- Developing and implementing processes to replicate information technology best practices.
- Overseeing the expanded use of project management principals.
- Serving as a general contractor between the State's information technology users and private sector providers of information technology.
- Developing service-level agreements with executive branch departments.
- Developing standards for application development including a standard methodology and cost benefit analysis.
- Determination of data ownership assignments among executive branch departments and agencies.
- Developing systems and methodologies to review, evaluate, and prioritize existing information technology projects.
- Developing information technology budgets for the executive branch.

The Executive Order defines information technology services as:

- Application development and maintenance.
- Desktop computer support and management.
- Mainframe computer support and management.
- Server support and management.
- Local area network support and management.
- Information technology contract, project and procurement management.
- Information technology planning and budget management.
- Telecommunication services, security, infrastructure and support.

Executive Order 2001-3, by a Type II¹ transfer, transfers the following to the new Department of Information Technology:

(1) All information technology services currently within any executive branch department or agency. A time frame is given for the Administration to identify program positions and administrative function positions that will be transferred to the Department of Information Technology.

(2) All the authority, powers, duties, functions and responsibilities of the following that are currently located in the Department of Management and Budget:

- the Michigan Administration Information Network.
- the Computing Services Unit.
- the Information Technology Services Division.
- the Office of Project Management.
- the Information Technology Budget and Finance Division.
- the Office of Information Technology Solutions.
- the Telecommunications Services Unit.
- the Michigan Information Network Office.
- the Michigan Information Center.

Executive Order 2001-3 also eliminates the Michigan Information Network Advisory Board, which was created by Executive Order 1995-14, and transfers its powers and responsibilities to the new Department of Information Technology.

Executive Order 2001-3 allows the Department of Information Technology to establish an administrative unit, including budget, personnel, information systems, internal audit, procurement, legislative and other related administrative functions. However, there currently is no legislative appropriation for those functions.

¹Pursuant to Section 3(b) of the Executive Organization Act of 1965 (1965 PA 380) a "Type II Transfer results in all of the transferred entities statutory authority, powers, duties and functions, records, personnel, property, unexpended balances of appropriations, allocations or other funds, including the functions of budgeting and procurement, transferred to the receiving principal department.

The Administration is currently working with State departments to determine the actual FTE positions and dollar amounts that will be transferred to the new department. As a point of reference the Website for the State Chief Information Officer currently in DMB reports that the total information technology budget for the State in FY 2000-01 is \$380.1 million.

Please contact me if you have any questions.

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c: G. Olson
E. Jeffries